

Message Text

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ORIGIN OPIC-06

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DRAFTED BY OPIC/GC:CHUNT

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/P:MMAYS

EB/IFD/OIA:DHSTEBBING

ARA/CAR:TJCHEAVNER

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON

C O N F I D E N T I A L STATE 301237

FROM OPIC

E.O. 11652: GDS

TAGS: EINV

SUBJECT:REVERE

1. MAYS AND HUNT OF OPIC MET DECEMBER 2 WITH JAMAICAN AMBASSADOR RATTRAY, EMBASSY COUNSELOR BARTLETT, AND EMBASSY FINANCIAL ATTACHE, JACK CLARK FOR DISCUSSION OF REVERE MATTER REQUESTED BY AMBASSADOR RATTRAY. CLARKE IS FORMER ALTERNATE DIRECTOR WORLD BANK.

2. MAYS GAVE UPDATE ON STATUS OF NEGOTIATIONS AMONG GOJ, OPIC, SOUTHWIRE AND REVERE AND MENTIONED OPIC INTEREST IN SEEING EARLY STEPS TAKEN TO LINE UP FINANCING FOR THE RE-STRUCTURING AND EXPANSION OF THE REVERE OPERATION.

3. CLARKE ADVISED THAT HE HAD DISCUSSED THE MATTER WITH INTERNATIONALFINANCE CORPORATION 9D(IFC) OFFICIAL EARLIER IN THE WEEK. CLARKE SAID THIS OFFICIAL INDICATED POSSIBLE IFC INTEREST IN PARTICIPATING IN THE FINANCING OF THE PROJECT AND CLARKE SAID THIS OFFICIAL'S COMMENTS REFLECTED THE FEEL-ING THAT IFC, WHICH HAS DONE VERY LITTLE IN JAMAICA, HAS A STRONG INTEREST IN FINDING A JAMAICAN PROJECT IN WHICH IT CAN PARTICIPATE. CLARKE INDICATED THAT IFC WOULD TAKE A HARD

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LOOK AT THE TECHNICAL FEASIBILITY OF THE PROJECT AND SOUTH-

WIRE'S CREDENTIALS FOR PROVIDING TECHNOLOGY AND MANAGEMENT.

4. CLARKE AND AMBASSADOR TURNED TO OPIC REPS TO VOUCH FOR SOUTHWIRE'S CREDENTIALS. THEY WERE SOMEWHAT TAKEN ABACK WHEN ADVISED THAT OPIC HAD FIRST BEEN INTRODUCED TO SOUTHWIRE BY THE JAMAICAN BAUXITE COMMISSION AND THAT THE ONLY KNOWN STUDY OF THE EXPANSION PROJECT HAD BEEN DONE BY SOUTHWIRE FOR THE GOJ. HUNT NOTED THE LIKELIHOOD THAT SOUTHWIRE'S STUDY (WHICH OPIC HAS NOT SEEN) MAY BE SOMEWHAT POLEMICAL BECAUSE OF THE CONTEXT IN WHICH PREPARED AND MAY REQUIRE EDITING AND EXPANSION TO BE SUITABLE FOR USE WITH FINANCIAL INSTITUTION.

5. THERE WAS A GOOD DEAL OF DISCUSSION OF THE PROS AND CONS OF IFC VERSUS PRIVATE INVESTMENT BANK INVOLVEMENT IN THE PROJECT FINANCING. IT WAS GENERALLY AGREED THAT IFC ADVANTAGES MAY WELL BE OFFSET IN PRESENT CASE BY THEIR NOT BEING ABLE TO MOVE AS FAST AS PRIVATE BANKS. CLARKE THOUGHT IFC COULD DO IT IN SIX MONTHS ON A SPECIAL PRIORITY BASIS. AMBASSADOR RATTRAY EXPRESSED DOUBT AND AGREED THAT QUICK ACTION ON FINANCING IS IMPORTANT.

6. MEETING CLOSED WITH AMBASSADOR RATTRAY INDICATING THAT EMBASSY WOULD PROBABLY MAKE AN INITIAL CONTACT WITH AN INVESTMENT BANKING HOUSE AND HAVE ONE MORE PRELIMINARY DISCUSSION WITH IFC BEFORE DECIDING WHICH COURSE TO PURSUE.

7. THE MEETING WAS EXTREMELY CORDIAL AND THE DISCUSSIONS WERE QUITE CANDID, WITH NONE OF THE VERBAL FENCING INDULGED IN BY BAUXITE COMMISSION OFFICIALS. THE EMBASSY APPEARED EAGER TO GET INTO THE PICTURE. OPIC BELIEVES EMBASSY CAN PLAY A USEFUL ROLE IN LIAISON WITH FINANCIAL SOURCES AND IN SHIFTING SOME ASPECTS OF THE NEGOTIATIONS TO THIS END. ONE WONDERS, HOWEVER, WHETHER EMBASSY IS BEYOND ITS AUTHORITY AND IN DANGER OF CREATING COUNTER-PRODUCTIVE CONFLICT WITH THE BAUXITE COMMISSION. AMBASSADOR RATTRAY PICKED UP ON ASSUMPTION VOICED BY OPIC REP THAT EMBASSY WOULD BE PREPARED TO DISCUSS MATTER WITH OPIC FURTHER AFTER CONSULTATIONS WITH KINGSTON. ROBINSON

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